

**STATE OF INDIANA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS**

IN RE: PETITION OF NOBLE ENERGY, INC., FOR AN EXCEPTION TO 312 IAC 16-5-1, THE GENERAL OIL AND GAS WELL SPACING RULES AND 312 IAC 16-5-2, THE GENERAL OIL AND GAS DRILLING UNIT SIZE RULES

**PETITION**

**COMES NOW** the Petitioner, Noble Energy, Inc., on behalf of itself and the owners of the leasehold interests set out herein, by attorney Karen J. Anspaugh, and respectfully shows the Commission of the Department of Natural Resources of the State of Indiana the following:

1. Petitioner owns or is the duly authorized representative of various interests, including working interests and royalty interests, in the oil and gas leaseholds covering all of the land known as the Carl Knotts 3-12H Drilling Unit, described as follow (hereinafter "Affected Area"):

○ *The East Half of Section 1, Township 6 North, Range 10 West and the Northeast Quarter of Section 12, Township 6 North, Range 10 West, Sullivan County, Indiana, containing 374.71 acres, more or less.*

Attached hereto and incorporated herein are a list of said leasehold interests, labeled as Exhibit A, and a map of the Affected Area, labeled as Exhibit B.

2. As allowed by 312 IAC 16-5-3, Petitioner herein seeks an exception to 312 IAC 16-5-1, the General Oil and Gas Well Spacing Rules, and 312 IAC 16-5-2, the General Oil and Gas Drilling Unit Size Rules. The variances requested are within the scope of 312 IAC 16-5-3, which does not prescribe minimum distances allowed between wells or maximum acreage allowed in a drilling unit. Said variances are for the following described purposes:
  - a) To eliminate spacing restrictions applicable to the horizontal wells, except that the location where the well bore enters the New Albany Shale and all portions of the lateral located within said formation shall be drilled more than three hundred and thirty (330) feet from any unconsolidated property boundary;
  - b) To establish a drilling unit containing 374.71 acres, more or less, for horizontal drilling in the New Albany Shale formation in the Affected Area.
3. Petitioner herein respectfully submits to the Commission that said exceptions are supported by regional and geological characteristics and would allow the most efficient and economic recovery of natural gas:


- a) Application of the Non-Rule Policy, published in Department of Natural Resources Information Bulletin #58, would establish a drilling unit of irregular configuration.
  - b) During drilling and initial testing in and near the Affected Area, commercial quantities of natural gas were encountered within the New Albany Shale;
  - c) Permeability within the New Albany Shale is low and the use of horizontal wells is expected to more economically keep pace with volume requirements at the Affected Area natural gas processing facilities;
  - d) Drilling horizontal wells will enhance gas recovery within the New Albany Shale by cutting across existing fracture patterns within the formation which are often more vertical than horizontal in nature, thereby facilitating the flow of gas from the shale, to the fractures, to the well bores;
  - e) Drilling horizontal wells in the manner described herein can effectively and economically recover the natural gas resources within a 374.71 acre drilling unit;
  - f) The proposed exceptions to the General Oil and Gas Well Spacing Rules and General Oil and Gas Well Drilling Unit Size Rules will not result in a loss of resources within the New Albany Shale formation of the Affected Area. The variances will enhance recovery of the natural gas from the low permeability of the New Albany Shale formation.
4. Petitioner is ready and willing to supply the Commission or its representatives such further and additional information as may be pertinent or relative to consideration of the above described well spacing and unit size variances within the Affected Area, either at or prior to consideration of this Petition.
5. Petitioner has not attached structure maps hereto, as structure has little impact upon the production of natural gas from the New Albany Shale. The quantity of natural gas recovered will depend instead upon the existing fracture patterns within the formation.
6. Petitioner represents that to the best of its knowledge and belief it would be in the best interests of conservation and the preservation and utilization of petroleum resources to grant the exceptions requested in Sections 2 (a) and 2 (b) above.

Therefore, Petitioner prays that, through an informal hearing, the above described exceptions to 312 IAC 16-5-1 and 312 IAC 16-5-2 be authorized and established, according to any further terms and conditions as the Commission may impose in its Order establishing such unit and spacing.

Respectfully submitted,

NOBLE ENERGY, INC.

By:

  
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Karen J. Anspaugh #18975-49  
49 Boone Village, Suite 168  
Zionsville, Indiana 46077  
ATTORNEY FOR PETITIONER

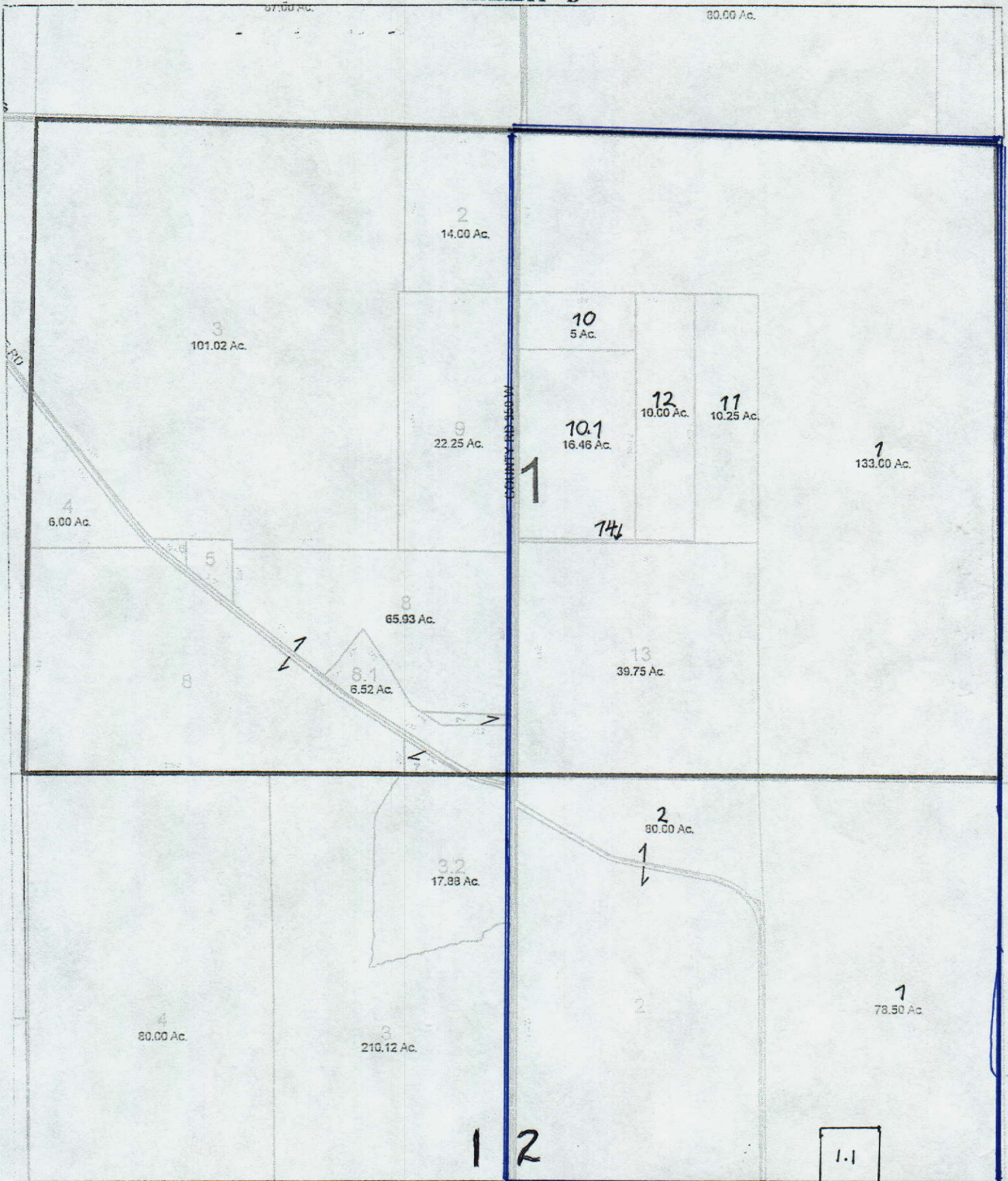
For Notification:

Noble Energy, Inc.  
Attn: Jim Curry  
100 Glenborough, Suite 100  
Houston, Texas 77067

**EXHIBIT "A"**  
**SCHEDULE OF LEASEHOLD INTERESTS**  
**Carl Knotts 3-12 Drilling Unit: The East Half of Section 1, Township 6 North, Range 10 West**  
**and the Northeast Quarter of Section 12, Township 6 North, Range 10 West**  
**Sullivan County, Indiana**

Tract	Acres	Interest	Last Name	First Name	Address	City	State	Zip Code
<b>Section 1, Township 6 North, Range 10 West</b>								
001.000	133.000		Monroe Farms, Inc., c/o Albert Monroe		6388 South County Road 275 West	Carlisle	Indiana	47838
010.000	5.000		Setzer	Theodore	6187 South County Road 350 West	Carlisle	Indiana	47838
010.001	16.460		Lankford	Guy and Rhonda	6187 South County Road 350 West	Carlisle	Indiana	47838
011.000	10.250		Monroe	Ronald and Carol	2179 West State Road 58	Carlisle	Indiana	47838
012.000	10.000		Monroe	Ronald and Carol	2179 West State Road 58	Carlisle	Indiana	47838
013.000	39.750		Knotts Farms, Inc., c/o Charles Knotts		1511 West State Road 58	Carlisle	Indiana	47838
014.000	0.250	50%	Monroe Farms, Inc.		2179 West State Road 58	Carlisle	Indiana	47838
		50%	Monroe	Ronald and Carol	2179 West State Road 58	Carlisle	Indiana	47838
<b>Section 12, Township 6 North, Range 10 West</b>								
001.000	78.500		Knotts	Richard and Janice	6532 South County Road 275 West	Carlisle	Indiana	47838
001.001	1.500		Deborah Jean Bezy, Trustee,		8435 Stemmons Freeway, 7th Floor	Dallas	Texas	75247
			c/o First American Real Estate Tax Services					
002.000	80.000		Knotts	Carl and Eva, Trustees	Post Office Box 346	Carlisle	Indiana	47838
	<b>374.7100</b>		<b>TOTAL ACRES IN DRILLING UNIT</b>					

# EXHIBIT "B"



1-6-10

0 700  
1" = 700ft



This property ownership map is for tax purposes only. It is not intended for conveyances, nor is it a legal survey.

**WTH**  
WATERBURY TOWNSHIP